

CONTRIBUTION AGREEMENT
respecting the *Implementation of the Terminal Phase-Out Management
Plan in Uruguay, Canadian Component, Phase I*

Effective December 19, 2007

BETWEEN HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by the Minister of the Environment who is responsible for Environment Canada ("Environment Canada"), hereinafter referred to as "Canada"

AND THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP), hereinafter referred to as the "Initial Recipient"

Whereas Canada wishes to withhold up to 20% of its annual contribution to the Multilateral Fund of the Montreal Protocol on Substances that Deplete the Ozone Layer (the "Montreal Protocol") in order to support bilateral or regional projects in countries classified as Article 5 Parties under the Montreal Protocol;

Whereas Uruguay, classified as an Article 5 Party under the Montreal Protocol, has requested assistance from Canada to undertake a project entitled "*Implementation of the Terminal Phase-Out Management Plan (TPMP) in Uruguay, Canadian Component, Phase I*" (the "Project"), under the Multilateral Fund for the benefit of Uruguay and, thus, qualifying for assistance under Canada's Montreal Protocol bilateral cooperation program;

Whereas Canada has received approval from the Executive Committee of the Multilateral Fund, at its 50th meeting, to support Uruguay in reducing its consumption of ozone-depleting substances (ODS) through the Project developed in cooperation with Uruguay, UNDP and Canada;

Whereas Canada has identified the UNDP (the "Initial Recipient") as the entity with the most appropriate expertise and capacity to manage the funds for the project and to be disbursed to the Ultimate Recipient(s) in Uruguay;

Whereas Canada wishes to provide technical and financial assistance to the UNDP to enable it to carry out its responsibilities and the activities necessary for the implementation of the Project, described under Clause 3 and Appendix C to this Agreement;

Now, therefore, this Agreement witnesses that in consideration of the mutual promises and agreements hereinafter set out, Canada and the Initial Recipient (hereinafter called the "Parties") agree as follows:

1. PURPOSE AND EXPECTED RESULTS

The purpose of this Agreement is to provide a contribution in support of the Project and to outline the responsibilities and activities of the Parties in the implementation of the Project.

The objective of the Project is to assist Uruguay in complying with its obligations under the Montreal Protocol and required efforts to phase out the use of Chlorofluorocarbon (CFC). This will be achieved through a strategy proposed by Uruguay which builds on the foundation laid by previous work.

Appendices C and D to this Agreement, which form part and parcel of this Agreement as if it had been set out in full in this Agreement, provide an itemized description of the Project, a work plan and a breakdown of the budget per activity and timetable. The Parties agree that this Project will be implemented in accordance with the work plan and budget set out in article 4 of Appendix C and Appendix D.

Modifications to specific budget lines within the total approved budget need to be justified, documented and approved by the Project Manager at Environment Canada.

The Project contributes to Canada's priority of Clean Air by targeting the phase out of ODS.

2. CANADA'S RESPONSIBILITIES

Canada shall be responsible for:

- (a) transferring funds to the Initial Recipient, in accordance with Clauses 6 and 7 of this Agreement, to enable it to undertake the activities described in Clause 3;
- (b) monitoring the implementation of all aspects of the Project described in Clause 1, in consultation with Uruguay and the Initial Recipient;
- (c) providing, in consultation with Uruguay, advice to the Initial Recipient on the selection of the Ultimate Recipients to implement the activities specified in Clause 3;
- (d) contracting an international expert to conduct a Train the Trainers workshop on good practices in refrigeration and use of alternative refrigerants;

(e) reporting to the Multilateral Fund on the status of the project.

3. ACTIVITIES TO BE UNDERTAKEN BY THE INITIAL RECIPIENT AND ITS RESPONSIBILITIES

The Initial Recipient shall be responsible for further disbursing payments to Ultimate Recipients, in accordance with the project description, work plan and budget negotiated with Canada as set out in Appendices C & D and in accordance with the terms and conditions of this Agreement in order to enable the implementation of the following activities:

- (i) Organizing a Train the Trainers workshop to train a core group of 25 refrigeration technicians on good refrigerant management practices and use of alternative refrigerant fluids;
- (ii) Organizing 8 to 10 follow-up workshops to train approximately 200 refrigeration technicians on good refrigerant management practices and use of alternative refrigerant fluids;
- (iii) Developing and implementing a certification procedure for trained technicians aiming to certifying refrigerant technicians who successfully complete the training courses;
- (iv) Monitoring and reviewing the enforcement of Uruguay's legislation and regulations to control ODS;
- (v) Reporting on Project activities, products and results to Canada as identified in Clause 6.

The Initial Recipient will monitor the performance of the agreements it undertakes with Ultimate Recipients to ensure the implementation of the activities specified in Clause 3.

Disbursements from the Initial Recipient to undertake the activities stipulated in Clause 3 will proceed only after consultation between the Initial Recipient and the Coordinator of the Ozone Governmental Technical Commission of Uruguay.

All references to "debts owed / due to Her Majesty the Queen in Right of Canada" in this Agreement shall be subject to the privileges and immunities of the United Nations, including UNDP.

4. MAXIMUM AMOUNT OF CONTRIBUTION

- a) Canada agrees, subject to the terms and conditions of this Agreement, to contribute towards the allowable expenditures for this Project, set out in Appendix D and in accordance with Clause 7 to this Agreement, which are incurred by the Initial Recipient for the activities described in this Agreement.
- b) Notwithstanding any other provision of this Agreement, Canada's maximum contribution under this Agreement shall not in any circumstances exceed **US \$171,680**, including an in kind contribution of **US \$14,000** through which services required for the Project will be provided.
- c) Notwithstanding any other provision of this Agreement, monetary contributions to the Initial Recipient under this Agreement shall not exceed **US \$157,680** and will be paid during the period starting from the signature of this Agreement and ending March 31st, 2009. Based upon the agreed cash flow statement in Appendix D of this Agreement, it is estimated that the maximum amounts required by the recipient for each fiscal year will be:
 - **US \$52,920** for the fiscal period 2007-2008 (April 1, 2007-March 31, 2008); and
 - **US \$104,760** for the fiscal period 2008-2009 (April, 1 2008 - March 31, 2009).
- d) The total value of the contributions secured by the Initial Recipient for the purposes set out in this Agreement is **US \$171,680**. Of this total, the Total Government Assistance (from federal, provincial and municipal sources) is **US \$171,680** or 100% of the total.

Funding for 2008-09 and beyond is contingent upon Treasury Board approval of renewal of terms and conditions for Canada's Bilateral Cooperation Program under the Multilateral Fund of the Montreal Protocol and related funding.

5. ALLOWABLE EXPENDITURES

The Initial Recipient agrees that the amounts of the contribution to be paid under Clause 4 shall be applied solely to the payment of Allowable Expenditures incurred in the course of conducting the activities described in this Agreement and Appendix D to this Agreement. The Allowable Expenditures are:

- salaries and benefits;
- consultant fees;
- travel and transportation costs;

- materials/expendable supplies for the organization of workshops;
- logistical, secretarial and technical support for training sessions and meetings;
- rental of facilities, equipment and services required for the workshops;
- cost of software and hardware for development of databases;
- telephone and other office equipment costs;
- audit
- administrative and support services (see clause 6 for a description of these expenditures)

Costs other than these listed above shall not be considered Allowable Expenditures and shall not be paid under this Agreement unless specifically approved in writing by Canada prior to the time these costs are incurred. Payments under Clause 4 shall cover all such Allowable Expenditures incurred on or after the date of signature of this Agreement.

6. ADMINISTRATIVE AND SUPPORT SERVICES

In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the contribution shall be subject to cost recovery by UNDP of indirect costs incurred by UNDP headquarters and country office structures in providing General Management Support (GMS) services, and for direct costs incurred for implementation support services provided by UNDP and/or an executing entity or implementing partner. To cover these GMS and direct costs, the contribution shall be charged a fee equal to 8%.

7. REPORTING

- a) Parties will review and agree to the work plan, budget, timetable and cash flow statement in Appendices C and D to this Agreement, and will update them where necessary;
- b) The Initial Recipient shall provide, for the second, third and fourth claims of payment, scheduled deliverables as defined in Appendix C to this Agreement, a progress report, using the format provided in Appendix B to this Agreement, indicating, in detail, expenditures against advanced funds and expenses incurred since the prior payment;
- c) The Initial Recipient shall provide, as a pre-requisite for the final claim of payment, 1) a written accounting of all expenditures and income, 2) scheduled deliverables as defined in Appendix C to this Agreement, and 3) a final report which shall contain the elements set out in Clause 3;
- d) The Initial Recipient will use the format provided in Appendix B to this

Agreement for the progress reports under 7 b) and 7 c).

8. METHOD OF PAYMENT

- a) Subject to Clause 3 to Appendix A to this Agreement, based on the agreed Appendix C to this Agreement and within the limits of Clause 4 of this Agreement, in accordance with the laws of Canada relating to financial administration, as amended from time to time, Canada agrees to pay the amount of the contribution of **US \$157,680** to the Initial Recipient in accordance with Clause 3 of this Agreement as follows:
- An advance payment of nil for the quarter, October 1st to December 31st 2007, as work during this quarter will be carried out only by Canada, as part of its in-kind contribution to the Project (refer to work plan of Appendix D for details);
 - an advance payment of up to **US \$52,920** for the quarter, January 1st to March 31st 2008, in accordance with the cash flow requirements outlined in Appendix D, upon signature of this Agreement;
 - subsequent advance payments will be made on a quarterly basis for up to a maximum total of **US \$92,760**, based on the cash flow statement in Appendix D, or on a revised cash flow statement, demonstrating the need for these funds, and upon receipt and approval of financial reports as outlined in Clause 7 b);
 - a final payment of **up to the remaining balance** upon completion of the activities outlined in Clause 3 and scheduled deliverables, and upon receipt of an accounting of all expenditures and income and a final report, as outlined in Clause 7 c).
- b) Any interest earned by the Initial Recipient from any advance payments made by Canada shall be used only for the payment of Allowable Expenditures in accordance with Clause 5 above and be incurred as part of the maximum identified in Clause 4.

9. INVOICES OR REQUESTS FOR PAYMENTS

- a) All invoices or requests for payment shall be sent to Canada's representative:

Philippe Chemouny
Manager, Montreal Protocol Program
Multilateral Affairs Division
Multilateral and Bilateral Affairs Directorate
International Affairs Branch
Environment Canada

10 Wellington St., Terrasses de la Chaudière, 4th Floor
Gatineau, Quebec, CANADA
K1A 0H3

b) All payments made by Canada to the Initial Recipient shall be addressed to:

Programa de las Naciones Unidas para el Desarrollo
BBVA Banco Bilbao Vizcaya Argentaria Uruguay S.A.
Casa Central
25 de Mayo 401, Montevideo, Uruguay
US Dollars Account No.: 12.1686.4
Swift Code: BFUYUYMM

Canada will also send an email notification of disbursement to the Initial Recipient as represented by Mr. Rafael Bernardi (Rafael.bernardi@undp.org) and Diego Iglesia (diego.iglesia@undp.org)

10. ACCOUNTS AND FINANCIAL STATEMENTS

For the purpose of implementing this Agreement, the Initial Recipient agrees to keep proper accounts and records of the payments received by Canada and the Allowable Expenditures received, paid or payable under the Agreement, including all invoices, receipts and vouchers relating thereto. The Initial Recipient will provide financial statements and forecasts as stipulated in the Agreement and shall conduct its financial affairs in accordance with UN accounting principles and practices. During the course of an External Audit, the UNDP External Auditors will have access to all the above documents. For the purposes of this Agreement, the Initial Recipient shall keep all financial accounts and vouchers and other related records for a period of at least three years after the date of termination or expiration of this Agreement.

11. OTHER SOURCES OF GOVERNMENT FUNDING

The Initial Recipient agrees to disclose all other sources of funding received from the Canadian Government (including federal, provincial or municipal governments) for purposes related to the activities in Clause 3. Where such funding exists, the Canadian Government will consolidate its payments to the Initial Recipient through a single federal department. In the event that Total Government Assistance exceeds Canada's agreed upon maximum contribution under this Agreement the surplus amount shall be deemed a debt owed to Her Majesty the Queen in Right of Canada.

12. INITIAL RECIPIENT'S FURTHER DISBURSEMENT OF FUNDS

The Parties agree that the Initial Recipient will, for the purposes set out in Clause 3 above, further distribute part or all of the funding received from

Canada.

The Initial Recipient agrees to further disburse **US \$146,000** of the maximum monetary contribution set out in Clause 4 to Ultimate Recipients for the purpose of supporting the implementation of activities set out in Clause 3.

The Initial Recipient agrees to manage and oversee this further distribution, and, agrees to the following:

- that the public purpose of the Project and the need to carry out its responsibilities under Clause 3 in a transparent, fair and equitable manner shall not be lost in the desire for efficiency;
- the selection of the Ultimate Recipients shall be transparent and open;
- Canada's requirements for managing projects will be met as set forth below:
 - Applicants for funding from the Initial Recipient must be able to demonstrate, through business plans, financial statements and other documentation, their ability to perform such work and to correctly manage finances;
 - Evaluation criteria must be used for selecting applicants for funding;
 - Funding to Ultimate Recipients will be disbursed according to agreements developed between the Initial Recipient and the Ultimate Recipients and delivered in advance according to agreed-upon predicted cash flow statements.
- In its communications and agreements with Ultimate Recipients, the Initial Recipient shall ensure that Ultimate Recipients clearly understand and agree to:
 - meet the requirements set out in Clause 3;
 - abide by the Agreement as if they were the Initial Recipient;
 - the respective financial and non-financial roles and responsibilities of the Initial Recipient and the Ultimate Recipients;
 - Canada's right to cause to have an audit conducted of program performance in accordance with Clause 9 of Appendix A to this Agreement.

- c) In the event that decisions and actions taken by the Initial Recipient should negatively impact the Ultimate Recipients, the Initial Recipient agrees to establish appropriate redress provisions for the Ultimate Recipients.

13. DURATION

This Agreement shall enter into force upon the signature by the Parties and end on **March 31st, 2009**, unless terminated earlier in accordance with the provisions under this Agreement.

14. AMENDMENTS

This Agreement may be amended. Any amendment to this Agreement shall be in writing and signed by the Parties prior to the implementation of the amendment.

15. TERMINATION FOR NON-COMPLIANCE OR DEFAULT.

Canada may terminate this Agreement and withdraw from the Project if, in the opinion of Canada, the Initial Recipient fails to meet the objectives set out in Clause 3 of this Agreement.

Additionally, either the Initial Recipient or Canada may terminate this Agreement on providing one (1) month advance written notice of termination to the other Party. Payment for incurred costs and non-reversible commitments previously made by the Initial Recipient for the purposes set out in Clause 3 shall be paid by Canada.

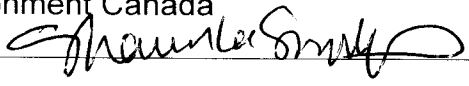
16. ENTIRE AGREEMENT

This Agreement, along with the Terms and Conditions in Appendix A, Appendix B, Appendix C, and Appendix D, shall constitute the entire and sole Agreement between the Parties and shall supersede all other communications, negotiations, arrangements and agreements of any nature, either verbal or in writing, between them prior to the date of signing this Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement on the day first written above.

FOR HER MAJESTY THE QUEEN IN RIGHT OF CANADA as represented by the Minister of the Environment

By: (name of government's representative with proper signing authority)
Department of Environment Canada


Signature

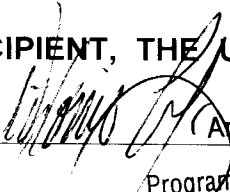
Sharon Lee Smith
Name

Director General
Title

DEC 19 2007
Date

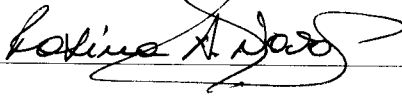
Juan Sesian
Witness

FOR THE INITIAL RECIPIENT, THE UNITED NATIONS DEVELOPMENT PROGRAMME


Signature
Antonio Molpeceres
Director de País
Programa de las Naciones Unidas
para el Desarrollo
Name

Director de País
Title

16 de Noviembre de 2007
Date


Witness

Rosina Armanino de Novoa
Programa de las Naciones Unidas para el Desarrollo

APPENDIX A

CONTRIBUTION AGREEMENT TERMS AND CONDITIONS

1. DEFINITIONS

Unless the context otherwise requires:

- a) The term "fiscal period" means the period or part of the period commencing April 1 and ending March 31 of any year during the term of the Agreement;
- b) "Minister" means the Minister of the Environment and includes any person duly authorized to act on behalf of the Minister;
- c) "Agreement" means the Contribution Agreement, which includes Appendix A Terms and Conditions identified as Appendix A, Appendix B, Appendix C and Appendix D as if they have been set out in their entirety in this Agreement;
- d) "Initial Recipient" means the organization of person receiving the amounts of the contribution in accordance with Clauses 4 and 7 of the Agreement and being responsible for the performance and administration of the Agreement;
- e) "Ultimate Recipients" means the organizations or persons ultimately receiving or providing the goods and services delivered under the Agreement;
- f) "Canada" means Her Majesty the Queen in Right of Canada as Party to the Agreement.

2. APPROPRIATION AND UNFORESEEN EXPENDITURES

The payment of any money under this Agreement is subject to there being an appropriation by Parliament for the fiscal year in which the payment is to be made. Canada may cancel or reduce the amount of the contribution to be paid if funding levels are reduced by Parliament.

If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), the Initial Recipient shall submit to Canada on a timely basis a supplementary estimate showing the further financing that will be necessary. Canada shall use its best endeavors to obtain the additional funds required.

3. PROGRAM ALLOCATION

Canada may reduce funding under this Agreement in response to the Government's annual Budget, a parliamentary or governmental spending restraint decision or a restructuring or reordering of the federal mandate and responsibilities which impacts on the Program under which this Agreement is made. If the funding for the Program is thereby reduced, the amount remaining unpaid under this Agreement may be reduced, as of the date the reduction takes effect, by a percentage equal to or less than the percentage of the reduction. The Parties understand and agree that any such reduction may affect the full implementation of the activities under this Agreement. In case of such reduction, the assistance to be provided to the project may be reduced, suspended or terminated by the Initial Recipient.

4. **PERSONS NOT TO BENEFIT**

No member of the House of Commons and Senate of Canada shall be admitted to any share or part of the Agreement or to any benefit arising therefrom.

No current or former Canadian public office holder or public servant who is not in compliance with the Government of Canada's *Values and Ethics Code for the Public Service* shall derive a direct benefit from the Agreement.

The Initial Recipient shall maintain standards of conduct that govern the performance of its staff, including the prohibition of conflicts of interests and corrupt practices in connection with the award and administration of contracts, grants, or other benefits, as set forth in the Staff Regulations and Rules of the United Nations, the UNDP Financial Regulations, and the UNDP Procurement Manual.

5. **LIABILITY**

Subject to the privileges and immunities of the United Nations, UNDP shall be responsible for dealing with any tort claims by third parties for personal injury, loss, illness, death or damage to their property arising from the Project activities, or for claims actions, suits and proceedings for the use of any invention claimed in a patent, or infringement or alleged infringement of any patent or any registered industrial obligations in connection with this Agreement, and Canada shall have no responsibility therefore.

Canada shall not accept any responsibility or liability for any claims, debts, demands, damage or loss as a result of the implementation of this Agreement.

6. **LIMITED LIABILITY**

The Initial Recipient understands and agrees that Her Majesty's sole liability, under this Agreement, is to advance funds as per the terms of this Agreement and specifically Her Majesty is not liable for any loan lease or other obligation entered into by the Initial Recipient or any Ultimate Recipient.

7. **NON-COMPLIANCE OR DEFAULT**

Should Canada or the Initial Recipient fail to comply with any of the terms and conditions contained herein, a Party may give 30 days written notice of the non-compliance to the other. If either Canada or the Initial Recipient does not remedy the non-compliance within the notice period, the party giving the notice may terminate, suspend or reduce the scope of this Agreement at the end of the 30 day written notice in accordance with Clause 15 to this Agreement. Canada may demand repayment of funds already paid to the Initial Recipient that have not been expended, paid or are payable to a third party. In the event that non-compliance is the subject of dispute, the Agreement will be considered in force until the dispute has been resolved in the manner provided for under Clause 17 of Appendix A to the Agreement.

8. OVERPAYMENT

In the event that payments made to the Initial Recipient under this Agreement exceed the amount thereof required or disbursed or expended by the Initial Recipient or were used to reimburse expenditures that are not Allowable Expenditures in accordance with this Agreement, any such amount constitutes a debt owed to Her Majesty the Queen in Right of Canada and is payable forthwith upon demand by Canada. Where any such amount is owed, an amount equal to the amount of the debt may be retained by way of deducting from or set-off against any sum of money that may be due or payable by Canada to the Initial Recipient.

Notwithstanding the completion of the project, the Initial Recipient shall continue to hold unutilized payments until all commitments and liabilities incurred in the implementation of the project have been satisfied and project activities brought to an orderly conclusion. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be returned by the Initial Recipient to Canada.

9. AUDIT

The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP. Should an Audit Report of the United Nations Board of Auditors (UNBOA) of UNDP to its governing body contain observations relevant to the contribution, such information shall be made available to Canada. Canada may request an audit by UNDP's external auditors of the funds granted under this Agreement and UNDP will request the UNBOA to respond as necessary according to generally accepted auditing standards and UN accounting standards. Canada and UNDP will agree on the scope and terms of such audit. The costs of any such audit shall be paid by Canada.

10. AUDIT RESULTS

Canada agrees to pay the Initial Recipient, as soon as possible after the completion of a financial audit, any moneys which the audit may show to be then due and owing to the Initial Recipient. The Initial Recipient agrees to pay to Her Majesty the Queen in Right of any moneys which the audit may show to be then due and owing to Canada, all of which shall constitute a debt due to Her Majesty the Queen in Right of Canada.

11. EVALUATION

Canada may decide to carry out an evaluation of the effectiveness or efficiency of this Agreement in consultation with the Initial Recipient. Such an evaluation would be a joint evaluation that includes the full participation of the Initial Recipient. The Parties agree to cooperate to ensure success of the evaluation. Such cooperation shall include finalising the agreed terms of reference for such evaluation, coordination with Government authorities as appropriate and provision of reasonable access to Canada to information relevant to the project in accordance with UNDP procedures regarding evaluation.

The Initial Recipient shall give due notification of any meetings or missions during and at the completion of the project. Canada shall be invited to participate in such meetings or

missions in accordance with UNDP's policies and procedures. The costs for the Canadian participation shall be borne by Canada.

12. PAYMENTS IN CASE OF TERMINATION

In the event this Agreement is terminated for any reason whatsoever, Canada or the Initial Recipient may reduce, in whole or in part, the amounts to be paid under this Agreement, and the Initial Recipient shall reimburse Canada all monies not expended, paid or payable to a third party at the date of termination, all of which shall constitute debts due to Her Majesty the Queen in right of Canada.

Notwithstanding termination of all or part of this Agreement, the Initial Recipient shall continue to hold up to the date of termination, unutilized payments until all commitments and liabilities incurred in the implementation of all or the part of the project, for which this Agreement has been terminated, have been satisfied and project activities brought to an orderly conclusion. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be returned by the Initial Recipient to Canada.

13. SURVIVAL OF TERMS

All representations, warranties, covenants and agreements contained in this Agreement on the part of each of the Parties shall survive the termination of this Agreement.

14. WAIVER OF RIGHTS

The waiver of any rights following any breach of any representation, warranty, covenant or agreement shall not be deemed to be a waiver of any further breach. No waiver is effective unless in writing.

15. PUBLIC ACKNOWLEDGEMENT

Due acknowledgement to Canada's contribution shall be made in the Initial Recipient's and Ultimate Recipients' publications and other media or public information releases, in accordance with the Initial Recipient's regulations, rules, policies and procedures.

16. SETTLEMENT OF DISPUTES

Any dispute between the Initial Recipient and Canada arising out of or relating to this Agreement which is not settled by negotiation or conciliation shall be submitted to arbitration at the request of either Party. Each Party shall appoint one arbitrator, and the two arbitrators so appointed should appoint a third, who shall be the chairman. If within thirty days of the request for arbitration either Party has not appointed an arbitrator or if within fifteen days of the appointment of two arbitrators the third arbitrator has not been appointed, either Party may request the President of the International Court of Justice to appoint an arbitrator. The procedure of the arbitration shall be fixed by the arbitrators, and the expenses of the arbitration shall be borne by the Parties as assessed by the arbitrators. The arbitral award shall contain a statement of the reasons on which it is based and shall be accepted by the Parties as the final adjudication of the dispute.

17. ACCESS TO PREMISES

The Initial Recipient agrees to provide access to Canada's representative to visit the premises or site where the activities funded under this Agreement are being carried out.

18. **CONFLICT OF INTEREST**

The Initial Recipient shall at no time during the duration of this Agreement pursue interests that are inconsistent with the interests served by this Agreement.

19. **LEGALITY**

The Initial Recipient shall ensure that all activities carried under this Project shall be conducted in compliance in accordance with all applicable laws.

20. **NOT A PARTNERSHIP**

Canada and the Initial Recipient expressly disclaim any intention to create a partnership, joint venture or agency. It is understood, acknowledged and agreed that nothing contained in this Agreement nor any acts of Canada's representative or the Initial Recipient shall constitute or be deemed to constitute Canada and the Initial Recipient as partners, joint ventures or principal and agent in any way or for any purpose. The Initial Recipient shall not represent or hold itself out to be an agent of Canada. No party shall have any authority to act for or to assume any obligations or responsibility on behalf of the other party.

The Initial Recipient agrees to be liable to Canada for any liability that Canada incurs by virtue of being found to be liable with the Initial Recipient as a partner of, joint venture with, or principal of the Initial Recipient. For greater certainty, the Initial Recipient assumes no responsibility for any liability arising to Canada as a result of the act or omission of Canada or its agent which are the basis for the finding that Canada or his agent is a partner of, joint venture with, or principal of the Initial Recipient.

21. **INTELLECTUAL PROPERTY**

Intellectual Property created by the Initial Recipient with the funds received from this Agreement remains with the Initial Recipient. Upon request the Initial Recipient shall grant for non-commercial purposes to Canada the licensed rights to produce, publish, translate, reproduce, adapt, broadcast, or use at no cost, any work subject to such intellectual property rights.

22. **ASSIGNMENT**

The Initial Recipient shall not assign this Agreement or any part thereof or any payments to be made thereunder without the prior written permission of the Minister, but nothing shall preclude the Initial Recipient from enlisting the assistance of others in carrying out the obligations under this Agreement.

23. **NOTICE**

a) Any notice to the Initial Recipient shall be effectively given if sent by letter or

facsimile, postage prepaid as the case may be, addressed to the Initial Recipient at the address shown in the Agreement or any subsequent address provided to Canada in writing by the Initial Recipient.

- b) Any notice to Canada shall be effectively given if sent by letter or facsimile, postage prepaid as the case may be, at the address shown in the Agreement, or any subsequent address provided to the Initial Recipient in writing by Canada.
- c) Any notice so given under a) or b) shall be deemed to have been received by the Initial Recipient at the time when, in the ordinary course of events, such a letter or facsimile, would have reached its destination.

APPENDIX B

FORMAT FOR PROGRESS REPORTS

1. Project information

Country	
Project	

2. (a) Report on activities undertaken with previous advance payment

Name of Activity	Planned Expenditure	Actual Expenditure	Balance	Date Completed	Type of expenditure *

* Name type of expenditure, according to the list of allowable expenditures under Clause 5 (for example, 'salaries and benefits', 'travel and transportation costs', etc.)

(b) Description of activities

Provide a brief description of the activities undertaken and their success in achieving the objectives of the project

(c) Changes to operational plan

If the activities, expenditures and/or schedule differ from operational plan, provide an explanation below

3. (a) Activities planned with advance requested

Name of activity	Planned Expenditure	Planned completion date

(b) Changes from operational plan

If the activities, expenditures and/or schedule differ from operational plan, provide an explanation below

APPENDIX C

PROJECT DESCRIPTION: IMPLEMENTATION OF THE TERMINAL PHASE OUT MANAGEMENT PLAN (TPMP) IN URUGUAY, CANADIAN COMPONENT, PHASE I

1. Project Background

As an Article 5 Party to the Montreal Protocol, Uruguay is committed to gradually eliminate its imports of ozone-depleting CFCs between 1999 and the final phase-out date of 31 December 2009. Uruguay is also eligible for assistance from the Protocol's Multilateral Fund to comply with this requirement, including receiving assistance from bilateral donors, such as Canada, that contribute to the Fund.

Over the years, efforts to facilitate the successful reduction in the consumption and use of Ozone Depleting Substances (ODS) in Uruguay have included projects such as the Country Program approved by the Executive Committee of the Multilateral Fund (the "Executive Committee") in June 1993, and Institutional Strengthening from 1993 to present. Up to this date, the Executive Committee has approved for Uruguay a total of 45 projects, of which all except 6 have already been successfully completed.

The implementation of the Country Program has achieved the total phase-out of the use of CFCs in the aerosol, foam and refrigeration manufacturing sectors, as well as of Halons in the fire extinguishing sector, and Carbon Tetrachloride and Methyl Chloroform in the solvents sector. The remaining consumption of 9.57 ODP tonnes of CFCs for the manufacturing of metered dose inhalers, (MDIs) is expected to be phased out by 1 January 2008, thanks to the MDI transitional strategy approved for funding by the Executive Committee.

The Refrigeration Management Plan (RMP) previously implemented, in part through Canadian bilateral assistance under the Multilateral Fund, Uruguay has contributed to the above mentioned phase out of CFCs. Canadian assistance directly contributed to the design, formulation and implementation of the ODS import and licensing system functional since March 2005, to the training of over 100 customs officers, providing them also with identifiers, and through a Train the Trainers program for the refrigeration sector, and finally to the training of close to 300 technicians.

The Canadian component of the ***Terminal Phase-Out Management Plan*** (the "Project") to be implemented under this Agreement builds on previous efforts described above and is the final component of Uruguay's CFC reduction and elimination strategy. The Uruguay Terminal Phase-Out Management Plan ("TPMP") was approved under the Multilateral Fund for the implementation of the Montreal Protocol during its 50th Meeting, to assist the country in the final reduction and timely elimination of ODS. The total value of this TPMP is of US \$565,000, excluding support costs and consists of four components which form an integrated strategy to achieve the elimination of ODS in all concerned sectors.

As per the agreement between Uruguay and the Executive Committee, Canada is the Cooperating Agency and as such Environment Canada (EC) is responsible for financing and implementing two of the four components of the TPMP with a total value of US\$ 232,000, (I) Complement for Training and Certification of Refrigeration Technicians and, (II) Enforcement of the CFC Import Licensing System and Prevention of Illegal CFC Trade. The third and fourth components of the TPMP, (III) Incentives and Tools to Promote Refrigerant Conservation and Use of Substitute Blends, and (IV) TPMP Implementation, Monitoring, and Control were approved for implementation by UNDP, defined as the Lead Agency under the agreement.

It should be noted that this contribution agreement between Canada and the Initial Recipient only covers the first tranche of funding approved by the Executive Committee for the components of the TPMP for which Canada is responsible. The total amount approved for this first tranche is US \$160,000 plus support costs.

A comprehensive description of each project component and an implementation schedule for the entire TPMP is found in the Multilateral Fund project proposal which is to be used as guidance by EC and the Initial Recipient in the implementation of the project.

2. Project Description

The Project has the objective of assisting Uruguay in its efforts to phase out the use of CFC. This will be achieved through a strategy proposed by the Government of Uruguay which builds on the foundation laid by previous work. The strategy goes in line with the demand-driven approach that has proven to be successful in the past, while trying to exert a stronger control on the supply side and will be implemented through an action plan composed of the following components briefly described below:

Component I) Complement for Training and Certification of Refrigeration Technicians

The objective of this component aims to promote, among refrigeration technicians:

- 1) The use of good practices in refrigeration,
- 2) The knowledge about alternative refrigerants to CFCs, and
- 3) A Refrigeration Technician Certification scheme.

Under the first tranche of the Project it is planned that a Train the Trainers workshop will be imparted by an international expert in good practices and alternatives contracted by Canada. This expert will prepare a core group of 25 technicians who will then in turn be able to participate and conduct, as experts,

between 8 to 10 training sessions. Through this it is expected that approximately 200 technicians will be trained in good refrigerant management practices and use of alternative refrigerant fluids. In addition a certification procedure will also be set up and will lead to certification of around 300 trained technicians. The above are expected to contribute to encourage the professional practice of this trade and ensure sustainability of the process. A monitoring component is contemplated to follow up on results from this process with the understanding that it should favour the progressive implementation of a system which will ultimately lead to the requirement of a licence to purchase refrigerants.

Funding provided to the Initial Recipient will be used for the organization of the training, including consultants, logistical costs, and preparation of training material as well as for contracting of legal assistance and to cover administrative costs of setting up the certification procedure.

Component II) Enforcement of the CFC Import Licensing System and Prevention of Illegal CFC Trade.

The objective of this component is that of attaining a better control over ODS imports and a more accurate reporting of consumption by ensuring:

- 1) The effective implementation of the “CFC Import Licensing System”,
- 2) The enforcement of CFC import quotas,
- 3) The accurate reporting of CFC imports, and
- 4) Compliance with the Montreal Protocol obligations.

Although joint cooperation between the National Ozone Unit (NOU) of Uruguay and the Customs authority in Uruguay has so far been described as smooth and satisfactory, under this first tranche it is expected that the partnership with Customs would be further enhanced through the signature of an agreement. This would include the designation of a Customs Ozone Protection counterpart to the NOU who will act as a clearinghouse within customs for information related to ozone issues and who would perform periodic monitoring of different customs entry points and provide additional training or training updates as required, as well as guidance and assistance on ozone related issues to customs officers. To this effect this Customs Ozone Protection expert would organize and participate in periodic training sessions including but not limited to customs authorities, private customs agents, importers and the NOU. He would also act as the Customs counterpart vis-à-vis other national and international stakeholders.

As a result of the monitoring of this regulatory framework, it is possible that a modification or amendment to the legislation governing ODS in Uruguay could be proposed and implemented.

Funding will be used for the travel of the Customs Ozone Protection expert to the Customs entry points and Customs Agents offices throughout Uruguay to carry

out the monitoring of the implementation of regulations as well as for the organization of training sessions and periodic follow up workshops (including but not limited to training in different types of analysis to be performed and handling of required equipment as regards identification of the different types of ODS and refrigerants). These sessions and follow up workshops will be held at the different entry points for all Customs Agents involved in the identification of ODS throughout the territory and will result in strengthening of the technical knowledge of the Customs Agents, leading to improved enforcement of import quotas and accurate reporting of imports.

3. Roles and Responsibilities

The TPMP will be implemented through the collaborative work of the Uruguayan NOU - officially the Uruguayan Governmental Technical Ozone Commission, under the Ministry of Housing, Territorial Organization and Environment and through its National Environmental Agency - the Uruguay office of the UNDP and Canada.

Role of UNDP

UNDP will be responsible for managing the funds for implementing the activities predicated under the Project, periodically monitoring and evaluating results and reporting to Canada on the progress achieved, in cooperation with Uruguay.

Specifically, this includes:

- contracting, in consultation with Uruguay, all national and international consultants required under the Project;
- paying for travel costs related to implementation of activities under this Agreement.
- Providing, in cooperation with Uruguay, detailed progress and expenditure reports, as well as Project deliverables to Canada as per Clause 6 of this Agreement and Section 4 of this Appendix: "Time frame and Deliverables".

Role of Canada

Canada will be responsible for providing support to the UNDP, in consultation with Uruguay,. This includes:

- transferring Project funds to the Initial Recipient;
- reviewing the terms of reference for agreements drafted by the NOU and submitting them to UNDP, which will use them to contract any assistance required for the Project

- monitoring the overall implementation of the Project, in consultation with Uruguay and the Initial Recipient, and providing advice and guidance as appropriate;
- contracting an international expert for the Train the Trainers workshop, in consultation with UNDP and the NOU;
- reporting to the Multilateral Fund on the status of the Project.

As per the project proposal approved by the Executive Committee of the Multilateral Fund, the NOU of Uruguay will have primary responsibility for implementing all substantive aspects of the Project. This will include:

- drafting initial terms of reference for any contracts to be undertaken by UNDP and submitting them to Canada for review;
- developing and implementing a process to select refrigeration technicians for training;
- overseeing the organization of local workshops for training and certification of technicians;
- overseeing the organization of all training sessions, workshops and meetings with customs authorities prescribed under the Project;
- monitoring and reviewing the enforcement of Uruguay's ODS regulations;
- assisting UNDP in preparing any reports and deliverables required under the Project to be submitted to Canada.

4. Time frame and Deliverables

ACTIVITY	TIME-FRAMES	DELIVERABLE (to be submitted by UNDP to EC)
Component I		
Call and selection of candidates for the training workshops	Dec.. 07 – June 08	List of selected candidates for each phase
Train the Trainers workshop in good practices in refrigerant management and use of alternative fluids	Feb.08	Workshop report and list of trained trainers
8-10 Workshops to train technicians	April – Sept 08	Individual workshop reports
Certification process	April – Sept 08	Report detailing certification scheme and lists of certified technicians
Follow up and monitoring	Dec. 07 – June 08	Quarterly progress reports as per Appendix B
Component II		
Meeting with customs authorities	Jan 08	Meeting report
Signature of Agreement with Customs	Feb 08	Copy of signed agreement
Coordinating meetings on legal issues	Quarterly	Meeting report
Training sessions	Bi-yearly	Meeting reports
Follow up workshops	Quarterly	Meeting reports
Planning reports	Bi-yearly	Reports
Quarterly and annual follow up reports	Quarterly	Reports

APPENDIX D

PROJECT WORKPLAN AND BUDGET
IMPLEMENTATION OF

THE TERMINAL PHASE OUT MANAGEMENT PLAN (TPMP) IN URUGUAY, CANADIAN COMPONENT, PHASE I

	Work item	Time frame	Planned expenditures USD (inc. contingencies)		
			Cash contribution to Initial Recipient	In-kind contribution from Canada *	
Total contribution from Canada					
Component I: Complement for Training and Certification of Refrigeration Technicians					
1	Contracting of international expert on good practices and ODS alternatives to impart Train the Trainers workshop	Dec 2007		\$ 14,000	\$ 14,000
2	Train the Trainers workshop for a minimum of 25 technicians on good practices and alternatives (including local organization, assistance, coordination, training materials and equipment)	Feb. 2008	\$ 12,000		\$ 12,000
3	Local organization of 8-10 training courses for approximately 200 technicians. Estimated expenditures are: Consultants \$14,000 Logistics \$25,000 Travel \$20,000 Training materials \$15,000	Feb. – Sept 08	\$ 74,000		\$ 74,000
4	Development and implementation of a certification procedure for a minimum of 300 trained technicians. Estimated expenditures are: Logistics and organizational costs \$5,000 Legal and administrative assistance for the development of the certification procedure \$20,000 Preparation of relevant materials \$5,000	Feb. – Sept 08	\$ 30,000		\$ 30,000
	Sub-total for component I		\$116,000.00	\$14,000.00	\$130,000.00

Component II: Enforcement of the CFC Import Licensing System and Prevention of Illegal CFC Trade						
5	Local travel expenses for the customs expert to carry out monitoring of the implementation of ODS regulations	Jan – Sept 08	\$ 10,000			\$10,000
6	Training sessions for customs officers and related expenses	Jan – Sept 08	\$ 10,000			\$10,000
7	Periodic follow up workshops (4 per year)	April – Sept 08	\$ 10,000			\$ 10,000
	Sub-total for component II		\$30,000.00	0		\$30,000.00
	UNDP Support Costs					
	Phase 1 UNDP Support Costs	Dec 07- March 08	\$3,920			3,920
	Phase 2 UNDP Support Costs	April- June 2008	\$4,080			4,080
	Phase 3 UNDP Support Costs	July-Sept. 2008	\$3,680			3,680
	Sub Total		\$11,680			11,680
	Grand Total		\$157,680.00	\$14,000		\$171,680.00

**CASH FLOW STATEMENT
IMPLEMENTATION OF
THE TERMINAL PHASE OUT MANAGEMENT PLAN (TPMP) IN URUGUAY, CANADIAN COMPONENT, PHASE I**

Initial recipient cash requirements per selected time frames (USD)

	Work Item	FY 2007/08			FY 2008/09		TOTAL
		Sept - Dec	Jan - Mar	April - June	July - Sept		
1	Train the Trainers workshop		\$12,000			\$12,000.00	
2	8 – 10 Training courses for technicians		\$18,000	\$30,000	\$26,000	\$74,000.00	
3	Certification procedure for technicians		\$10,000	\$10,000	\$10,000	\$30,000.00	
4	Local travel expenses for customs monitoring		\$5,000	\$3,000	\$2,000	\$10,000.00	
5	Workshops and/or training sessions for customs officers and related expenses		\$4,000	\$3,000	\$3,000	\$10,000.00	
6	Periodic follow up workshops for customs officers			\$5,000	\$5,000	\$10,000.00	
	TOTAL	\$0.00	\$49,000.00	\$ 51,000.00	\$46,000.00	\$146,000.00	
	UNDP Support Costs (8%)	\$0.00	\$3,920	\$4,080	\$3,680	\$11,680.00	
	GRAND TOTAL	\$0.00	\$52,920.00	\$55,080.00	\$49,680.00*	\$157,680.00	

* Note: payment for last quarter of US \$49,680 to be provided in two payments: (1) one advance payment of up to US \$37,680 upon submission of progress and financial report; (2) one payment in arrears of up to the remaining balance upon completion of all project activities and submission of final expenditure report, as per clause 7 of this Agreement.